

LITTLE HOOVER COMMISSION  
MARCH 19, 2002

CALIFORNIA WORKFORCE ASSOCIATION  
TESTIMONY

Thank you for the opportunity to testify today. My name is Patti Nunn, and I am the Chair of the **California Workforce Association** (CWA). I am also director of economic development and workforce development programs for the City of Santa Ana.

The **California Workforce Association** is a non-profit organization representing California's local workforce development partnerships. Our member communities include over 150 One-Stop centers, Workforce Investment Board (WIB) Chairs and members, WIB Directors, and practitioners. As such, we have access to a broad and diverse network of individuals working locally at policy and operational levels. CWA in turn represents the local system point of view in policy deliberations at the state and federal level. The Association provides training and technical assistance, sponsors major workforce conferences, and develops strategies to enhance system building in local communities. We are funded in part by member dues, grants from the Hewlett and Ford Foundations, the US Department of Labor, and the California Workforce Investment Board. CWA's mission is to build comprehensive and effective workforce development systems by providing policy and technical support to its members and to policy makers at the federal, state, and local levels.

I am going to address three areas in my testimony. First, I will give background about CWA's members, and their relationship to State agencies. Second, I will address the role of the proposed California Labor and Workforce Development Agency. Third, I will describe the conditions in which we think the State agency would make a difference for local workforce programs.

*Our testimony is grounded in a belief that workforce investment is a critical policy issue for California. It is perhaps the only policy area that directly links the ability of California companies to compete, the ability of communities and regions to retain and grow key industries, and the opportunity of working people to develop the skills needed to prosper in a changing economy. California's future, both economically and in terms of quality of life, depends on the development of one strategic, comprehensive, and coordinated workforce investment system, aligned both at the state and local levels.*

### **How do local programs interact with the State?**

There is a varying degree of relationships between local workforce agencies and the State agencies being considered for merger into the new Agency.

- The 50 Workforce Investment Boards (WIBs) receive federal Workforce Investment Act (WIA) funding through the **Employment Development Department** (EDD). EDD enters into contracts with local WIBs,

monitors, evaluates, provides technical assistance and training, policy guidance, and general administrative oversight. EDD also provides labor market information to local workforce agencies. The **California Workforce Investment Board** (CWIB) advises the Governor on policy issues related to workforce, and in particular to WIA, including performance requirements, discretionary funding, designation and certification of local areas. CWIB staff consult with local workforce organizations to understand how state policies will effect local operations. Both EDD and the CWIB staff work closely with CWA in policy and administrative arenas.

- ❑ Some local WIBs have contracts with the **Employment Training Panel**. These are locally developed and funded by the Panel; as such, there is no system-wide relationship with ETP. In the last five years, ETP staff and CWA have had on-going conversations about how to better align the programs and leverage funding.
- ❑ Some WIBs have built close relationships with labor unions, by providing pre-apprenticeship training as a pipeline for formal apprenticeship programs. As a result, there is a loose informal relationship with the Division of Apprenticeship Standards at the **Department of Industrial Relations** (DIR).
- ❑ There is little relationship between local workforce agencies and the other divisions and boards proposed for merger into the new Agency.

### **Should there be a new Agency?**

From our perspective, there are two issues related to the creation of a new State agency. The first is whether this particular State agency has value in and of itself. The second is - if established - what the role of the Agency should be.

One of the key roles of a State Agency is leadership. For those of us who are dedicated to addressing workforce issues, *there is an intrinsic value in the establishment of a cabinet-level labor and workforce agency*. If for no other reason, the existence of a Secretary of Labor and Workforce Development signals the importance of workforce policy to the State of California. Many other states have established departments of labor and/or workforce development. Some are organizationally aligned with economic development, or departments of commerce; some with education; some stand on their own. The potential for leadership and influence by the CWIB and EDD is enhanced by separate cabinet level stature. The breadth, scope, and charge of the new agency will determine how well the agency will be able to positively effect workforce policy and service delivery in California, but the symbolic value of the agency as a leader in workforce policy stands on it own.

As to the role of the agency, we believe that *any State agency in our current environment should provide, in addition to leadership, policy direction and the*

*necessary support to agencies actually delivering services to encourage innovation and good customer service.* State agencies should be organized to support regional and local collaboration. State agencies should identify and eliminate barriers to collaboration and to comprehensive services to our customers; in the case of workforce programs, customers include business and people seeking education, vocational training, and jobs. State agencies should work with other state and federal agencies to reduce duplication, model partnership, and break down barriers in funding and program requirements.

### **Will it make a difference?**

There are, of course, a number of reasons to reorganize state government, having to do with good government, reducing costs and duplication, and aligning programs around the Governor's policy goals. We are going to limit our comments only to benefits that would or would not accrue to local programs. We look the potential benefits of the proposed State Agency from two perspectives – the customers we serve and the role of the local WIBs.

Local workforce agencies, and in particular One-Stop Career centers, have two customers: business and job seekers.

#### **Business**

Many One-Stops are designing and establishing strategies to provide a broad range of business services. They are establishing partnerships with economic development agencies, small business development centers, local chambers of commerce, and other agencies involved in helping businesses with their labor needs. *Closer working relationships at the State level between EDD and DIR may have some benefit to services to employers to the extent that we want to provide one-stop services to business.* This could also be accomplished with a merger of EDD with selected programs in the Trade and Commerce Agency.

#### **Job seekers**

Job seekers and individuals looking for information about education and training may need a broad range of support. One-Stops currently include 14 federally-mandated programs, such as vocational education, services for veterans, migrant farm workers, vocational rehabilitation and adult education, as well as other related workforce programs – CalWORKs, and mental health. The extent to which these programs are “seamless” depends in large part on how much local programs ignore state and federal law. Most programs still have their own rules, requirements, performance measures, eligibility, and incentives. *Merger of EDD and DIR does not appear to improve substantially services to jobseekers, except in the area of potentially strengthening connections with apprenticeship programs.*

Once we move beyond the intrinsic value of a State Labor Agency, it will only make a difference for local programs if the Agency includes more than the merger of DIR, EDD and related Boards. *The needs of each customer group should be evaluated; reorganization of state programs should reflect those needs.*

Local WIBs have three main functions: to operate and oversee WIA-funded One-Stop Career center systems and job training programs; to be a catalyst for system building – bringing together multiple programs in a way that is “seamless” to the user; and finally, providing community leadership around broad workforce issues.

#### **Operation and oversight of WIA**

It does not appear that the operation of WIA would be affected by a new State agency.

#### **System Building**

Streamlining local programs, reducing barriers for collaboration, and encouraging integration could be greatly enhanced by better state level collaboration. This would include better integration of policy and administrative decision-making among programs currently included in One-Stop Career Centers at the local level, and residing in many departments within the Health and Human Services Agency at the state level.

#### **Community Leadership**

WIBs taking on the larger role of community leadership need encouragement and incentives from the State, better labor market information, and a policy framework linking workforce development, economic development, and education. The new Agency could help to provide all of these supports, primarily by taking a strong leadership role, and engaging the Governor’s Office in broad policy discussions.

#### **Conclusion**

CWA believes that the Little Hoover Commission and the State Legislature should support the proposed Labor and Workforce Development Agency. However, we believe that it will only improve services to our customers if other workforce related programs are included in the new agency, and if the new Agency takes an aggressive role in promoting streamlining and collaboration at the state and local levels. Reorganization should be based on customer needs. Last, a comprehensive policy framework that includes workforce development, economic development and education should guide future consolidation and decision making.

